

**HOUSING CHOICE VOUCHER PROGRAM  
CALENDAR YEAR 2008 ADMINISTRATIVE FEES  
FREQUENTLY ASKED QUESTIONS**

**1. Q:** How will administrative fees be provided in calendar year 2008?

**A:** On-going administrative fees will be provided based on vouchers under HAP contract as of the first day of each month. Fees will be calculated quarterly, based on validated VMS data. In order to stay within the appropriated amount, the Department will pro-rate quarterly by comparing total eligibility to one-quarter of the total funds available. Monthly disbursements will be based on prior leasing activity. Each PHA's administrative fee eligibility will be reconciled to estimates and pro-rations every quarter. Once each PHA's quarterly eligibility and pro-rated earned amount have been determined, PHAs that were under-disbursed will receive a payment for the additional amount due. If a PHA received disbursements in excess of earnings, the excess amount will be offset against the next monthly disbursement.

**2. Q:** How will HUD determine leasing/HAP contacts as of the first of the month for each PHA?

**A:** PHAs are required to enter leasing data in the Voucher Management System (VMS) for units months leased as of the first of each month; therefore, the Department will use the data in VMS to determine leasing. PHAs should report all vouchers under lease and paid for from HCVP HAP budget authority or net restricted assets or from excess administrative fees as of the first of each month. Reporting should include those vouchers on which \$0 HAP is being paid for the month due to tenant income levels and those vouchers on which HAP is abated. PHAs should not report vouchers leased that are being paid from another source.

**3. Q:** May PHAs receive administrative fees for HAP contracts effective after the first day of the month?

**A:** HUD recognizes that much of a PHA's work concerning a HAP contract occurs before the contract is executed. To compensate for these efforts, PHAs will have the opportunity to request a one-half month fee for contracts effective after the first day of the month. Eligibility will be based upon data recorded in the PIC system. HUD will provide complete instructions for PHA requests for these fees, and PHAs should not submit requests until these instructions are provided.

**4. Q:** What PHAs may request blended AF rates and how are they calculated:

**A:** Any PHA serving multiple administrative fee areas may request a blended rate, in lieu of using the administrative fee rates posted for the agency. The blended rate will be based on the actual location of their assisted units on January 1, 2008. The

blended rate will be used to determine eligibility for the entire calendar year. The PHA will be subject to the same pro-rations as all other PHAs.

**5. Q:** What administrative fee rates will be used for the Mainstream 5, Mod Rehab, and SRO program renewals?

**A:** The posted administrative fee rates will be used for payment of fees for these programs.

**6. Q:** How should PHAs calculate the administrative fee rates for portability purposes:

**A:** Administrative fees for portable vouchers are based on 80 percent of the Column B posted rate for the PHA that is being billed. PHAs should apply to the 80 percent amount the pro-ration factor determined by HUD on the basis of the leasing for the January to March 2008 quarter. These pro-rated fee amounts may be used for the entire calendar year, to avoid the need for PHAs to re-calculate their portable fees each quarter. PHAs in a portability arrangement may still choose to agree to a different payment rate.

**7. Q:** How will tenant protection administrative fees be provided?

**A:** Administrative fees for tenant protection vouchers will be paid on the basis of vouchers under lease as of the first of each month, in the same manner as fees are paid for renewal vouchers. Tenant protection fees for CY 2008 are not disbursed “up front”, but are disbursed as vouchers are reported leased.

**8. Q:** Will HUD adjust my administrative fee earnings and payments if my reported leasing for a quarter is adjusted at a later date, after the fees for that quarter have been calculated?

**A:** Yes. PHAs should adjust prior months’ reporting to reflect any changes in unit months leased. HUD will periodically review the data and adjust PHA eligibility accordingly.

**9. Q:** How can I qualify for a higher administrative fee rate?

**A:** Program regulations provide the opportunity for an PHA to request higher administrative fees for a small program, defined as fewer than 200 units, or if an agency operates over a large geographic area, defined as multiple counties. **To request higher fees, an agency must submit the following documentation to the PHA’s assigned Financial Analyst at the Financial Management Center (FMC):**

1. Actual administrative fee reserve (Net Unrestricted Assets) balance as of December 31, 2007
2. Actual administrative costs for the HCVP for CY 2007, in sufficient detail for HUD review

3. The PHA's CY 2008 HCVP administrative budget for the voucher program, identifying anticipated reasonable and necessary administrative costs, broken out in sufficient detail to allow for review (positions and salaries, detailed travel costs, overhead and pro-rations, etc.) There is no HUD form, nor a mandated format, for this budget.
4. If both the unit month and budget authority utilization in CY 2007 were below 95% of available for renewal units, a statement as to why this occurred
5. An explanation for any withdrawals from the administrative fee reserve (Net Unrestricted Assets) at the end of CY 2006 or during CY 2007, or a statement that none were made
6. An explanation as to why the projected CY 2008 administrative fees are insufficient to cover program operating costs
7. Certification by the chief executive of the PHA that the data is accurate.

An approved higher administrative fee rate will apply only to CY 2008. At the end of the year, the PHA will be required to submit evidence to the **FMC** of actual costs, to enable HUD to determine if the entire approved increase was needed; excess funds will be recouped by HUD.

**10. Q:** How will HUD meet the requirement to pay fees from Column A for the first 600 units leased and fees from Column B for all other units leased?

**A:** HUD will calculate fee eligibility based on the Column A rate for the first 7200 unit months leased reported by each PHA for CY 2008 and then will revert to the Column B rate for all additional leasing.

**11. Q:** How will HUD meet the requirement to pay fees from Column C for PHA-owned units leased?

**A:** PHAs have been instructed to note in the Comments section of their VMS submission that number of the total unit months reported leased as of the first of the month that utilized PHA-owned units. For example, if a PHA leased 100 units per month for each of the three months in the reporting cycle, and 5 of them were PHA-owned units, the PHA would report the total 100 units in the Units Leased section of VMS and, in the Comment section for each month, would note "5 PHA-owned units leased"

**12. Q:** If a PHA leases more units in a month than are covered by its ACC, will fees be paid on all units leased?

**A:** A PHA will be paid a fee for all units leased up to its baseline. Since HUD measures over-leasing on a calendar year (CY) basis, fees will be paid for all units leased until the baseline is reached, even if that means that fees are paid in the early months of the CY for more units than are under ACC. Once fees have been paid on all baseline unit months, no further fees will be earned and paid.

**13. Q:** Since earned administrative fees will not be known until two months after the end of the quarter for which they are earned, how will a PHA submit its unaudited FASS without knowing its fee earnings?

**A:** The PHA will estimate its administrative fee income for the final quarter of the FY, based on actual leasing and adjusted for the anticipated pro-ration. The PHA will recognize revenue in the reporting period. This administrative fee income estimate will likely differ from the final administrative fee revenue as calculated by HUD for the final quarter. The final AF revenue as calculated by HUD can be reflected correctly on the audited submission.

If you have any questions, please contact your assigned financial analyst at the Financial Management Center.